

Message Text

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66605
DRAFTED BY: S/NM: RHMUNN
APPROVED BY: S/NM: WJHANDLEY
NEA/INS: JHAWES (DRAFT) NEA/RA: TGRANT (INFO)
EE/ICD /ISM: DMEYERS (SUBS) OMB: LHERMAN (SUBS)
----- 011322

R 191729Z SEP 73
FM SECSTATE WASHDC
TO AMEMBASSY NEW DELHI
INFO AMEMBASSY ANKARA
USMISSION GENEVA

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E.O. 11652 N/A
TAGS: SNAR

SUBJ: CONSULTATION WITH INDIA ON DISPOSAL OF STOCKPILED
OPIUM

REF: STATE 183684

1. AMBASSADOR HANDLEY CONVEYED SUBSTANCE OF STOCKPILE
PAPER AD GAVE COPY TO INDIAN ECONOMIC MINISTER
RAMAKRISHNA SEPTEMBER 19. RAMAKRISHNA OFFERED NO SUBSTAN-
TIVE COMMENT, SAYING HE WOULD REFER MATTER TO HIS GOVERN-
MENT. FOLLOWING IS TEXT OF FINAL DOCUMENT, WHICH YOU SHOULD
CONVEY TO MEA AT EARLY OPPORTUNITY:

" THE UNITED STATES GOVERNMENT WISHES TO CONSULT WITH
THE INDIAN GOVERNMENT CONCERNING THE PROSPECTIVE DISPOSAL
OF STOCKS OF OPIUM NOW HELD IN THE UNITED STATES NATIONAL
STRATEGIC STOCKPILE FOR USE EXCLUSIVELY IN THE UNITED
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STATES.

"WITH THE PROHIBITION BY THE GOVERNMENT OF TURKEY OF OPIUM POPPY CULTIVATION, INDIA HAS BECOME ESSENTIALLY THE EXCLUSIVE PRODUCER OF GUM OPIUM FOR THE WORLD MARKET FOR MEDICAL REQUIREMENTS. UNITED STATES IMPORTERS HAVE THUS LOOKED TO INDIA FOR THEIR TOTAL REQUIREMENTS EXCLUSIVE OF ACQUISITIONS, PURSUANT TO ARTICLE 24 5 B OF THE SINGLE CONVENTION ON NARCOTIC DRUGS 1961, FROM OTHER COUNTRIES OF SMALL MOUNTS OF OPIUM SEIZED IN THE ILLICIT TRAFFIC. IMPORTS HAVE NOT BEEN SUFFICIENT, HOWEVER, TO MEET CONSUMPTION REQUIREMENTS AT CURRENT RATES AND ALSO TO MAINTAIN NORMAL INVENTORIES BY MANUFACTURERS.

" TO MEET THIS PROBLEM THE ADMINISTRATION HAS REQUESTED FROM THE CONGRESS AUTHORITY TO DISPOSE OF BY NEGOTIATION OR OTHERWISE THE TOTAL AMOUNT OF OPIUM CONTAINED IN THE STOCKPILE CONSISTING OF 141,600 POUNDS EXPRESSED IN TERMS OF ANHYDROUS MORPHINE CONTENT EQUIVALENT TO ABOUT 634 TONS OF OPIUM.

" THE REQUEST FOR CONGRESSIONAL AUTHORIZATION IS CONTAINED IN AN OMNIBUS BILL TRANSMITTED BY THE PRESIDENT TO THE CONGRESS ON APRIL 16, 1973. A SEPARATE BILL AUTHORIZING THE DISPOSAL OF THE OPIUM STOCKS ALONE HAS BEEN APPROVED BY THE SENATE AND IS UNDER CONSIDERATION IN THE HOUSE OF REPRESENTATIVES. BOTH BILLS PROVIDE THAT THE TIME AND METHOD OF DISPOSITION SHALL BE FIXED WITH DUE REGARD TO THE PROTECTION OF PRODUCERS, PROCESSORS, AND CONSUMERS AGAINST AVOIDABLE DISRUPTION OF THEIR USUAL MARKETS.

" SUBJECT TO CONGRESSIONAL AUTHORIZATION, THE UNITED STATES GOVERNMENT PROPOSES TO RELEASE STOCKPILED OPIUM GRADUALLY OVER A PERIOD OF YEARS IN ACCORDANCE WITH THE FOLLOWING PLAN:

"THE AGGREGATE QUANTITY OF OPIUM IN THE STOCKPILE WOULD BE ALLOCATED AMONG THE THREE US OPIUM IMPORTERS, MERCK AND COMPANY, MALLINCKRODT CHEMICAL WORKS AND S.B. PENICK AND COMPANY, IN PROPORTION TO THEIR LIMITED OFFICIAL USE

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RESPECTIVE MARKET SHARES BASED UPON AVERAGE SALES DURING THE LAST THREE YEARS.

"EACH COMPANY WOULD ENTER INTO A CONTRACT WITH THE GENERAL SERVICES ADMINISTRATION FOR THE PURCHASE OF ITS PROPORTIONAL SHARE OF EACH TYPE OF OPIUM IN THE STOCKPILE.

"THE PRICE OF THE STOCKPILED OPIUM RELEASED WOULD BE GEARED TO THE MARKET PRICE OF INDIAN OPIUM AT THE TIME OF RELEASE FROM THE STOCKPILE, ADJUSTED FOR QUALITY AND TYPE, PLUS DUTIES AND TRANSPORTATION.

" EACH COMPANY WOULD BE ENTITLED TO SECURE THE RELEASE OF ITS SHARE, ACCORDING TO ITS CONTRACT, AT PERIODIC INTERVALS, AS NECESSARY TO MAINTAIN A SIX MONTHS INVENTORY, TAKING INTO CONSIDERATION ALL AMOUNTS OBTAINED AND TO BE OBTAINED FROM IMPORTS.

"THE UNITED STATES WISHES TO ASSURE INDIA THAT RELEASES WILL BE MADE FROM THE STOCKPILE PERIODICALLY AND ONLY IN SUCH AMOUNTS AS TO ENABLE UNITED STATES IMPORTERS TO MAINTAIN AN INVENTORY OF SIX MONTHS SUPPLIES AT CONSUMPTION RATES AT THE TIME. RELEASES FROM THE STOCKPILE WILL BE USED TO SUPPLEMENT AVAILABLE IMPORT SUPPLIES AND THEN ONLY WHEN AND TO THE EXTENT NECESSARY TO MAINTAIN A SIX MONTHS INVENTORY, WHICH IS CONSIDERED TO BE ADVISABLE IN THE INTERESTS OF PUBLIC HEALTH. IF IMPORTS SHOULD BE SUFFICIENT TO COVER US REQUIREMENTS INCLUDING NORMAL INVENTORIES, THE STOCKPILED OPIUM WOULD NOT BE UTILIZED FOR THIS PURPOSE.

"THE UNITED STATES DESIRES TO CONTINUE TO IMPORT FROM INDIA THOSE AMOUNTS OF OPIUM WHICH ARE ALLOCATED TO THE UNITED STATES FROM INDIAN PRODUCTION BASED ON THE PROPORTION OF US REQUIREMENTS TO TOTAL EXPORT REQUIREMENTS. OUR CURRENT ACTION IS PREDICATED UPON THE NECESSITY TO BE ABLE TO MEET PROMPTLY ANY UNANTICIPATED SHORTAGES WHICH MAY OCCUR AS A RESULT OF POOR HARVEST, UNEXPECTED DEMAND AND THE LIKE.

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" THE UNITED STATES GOVERNMENT WOULD APPRECIATE THE ASSURANCE OF THE GOVERNMENT OF INDIA THAT INDIA WILL CONTINUE TO MAKE AVAILABLE TO US IMPORTERS A FAIR AND PROPORTIONATE SHARE OF INDIAN OPIUM EXPORTS, RECOGNIZING THE PURELY SUPPLEMENTARY NATURE OF THE US STOCKPILE DISPOSAL PLAN.

"THE UNITED STATES EMBASSY IN NEW DELHI IS INFORMING THE MINISTRY OF EXTERNAL AFFAIRS OF THIS REQUEST FOR CONSULTATION. THE EMBASSY IS RAISING THE FOLLOWING SUBJECTS FOR DISCUSSION IN NEW DELHI:

" THE UNITED STATES GOVERNMENT REPORTED TO THE INTERNATIONAL NARCOTICS CONTROL BOARD A REQUIREMENT FOR OPIUM IN CALENDAR YEAR 1973 OF 327 TONS AND HAS REPORTED TO THE

BOARD AN ESTIMATED REQUIRMENTS FOR CALENDAR YEAR 1974 OF 375 TONS. THE UNITED STATES WOULD APPRECIATE INFORMATION REGARDING THE ACREAGE AND PRODUCTION OF OPIUM WHICH THE GOVERNMENT OF INDIA PLANS IN ORDER TO MEET EXPORT REQUIREMENTS IN 1974 AND THE EXPECTED AVAILABILITY FOR EXPORTATION TO THE UNITED STATES.

" THE SUBJECT OF OPIUM POPPY CULTIVATION UNDER PROPERLY CONTROLLED CONDITIONS SO AS TO MEET THE WORLD'S REQUIREMENTS OF OPIUM FOR MEDICAL AND SCIENTIFIC PURPOSES HAS BEEN PROPOSED AT THE SUGGESTION OF THE INDIAN GOVERNMENT TO BE INCLUDED IN THE AGENDA OF THE NEXT SPECIAL MEETING OF THE UNITED NATIONS COMMISSION ON NARCOTIC DRUGS TO BE HELD IN GENEVA IN EARLY 1974. THE UNITED STATES WOULD WELCOME AN EXCHANGE OF VIEWS WITH THE INDIAN GOVERNMENT ON THIS SUBJECT IN ADVANCE OF THE COMMISSION MEETING. IN THIS CONNECTION, THERE APPEARS TO BE THE POSSIBILITY THAT ADDITIONAL ALKALOIDS MIGHT BE RECOVERED AND MADE AVAILABLE TO THE MARKET THROUGH UTILIZATION OF INDIAN POPPY STRAW REMAINING AFTER OPIUM GUM AND SEED HAVE BEEN HARVESTED. THE UNITED STATES GOVERNMENT WOULD BE INTERESTED IN LEARNING OF ANY CONSIDERATION THE GOVERNMENT OF INDIA MAY HAVE GIVEN TO SUCH PROCEDURES AND WOULD BE PLEASED TO COOPERATE IN STUDYING THIS OR OTHER TECHNIQUES THROUGH WHICH ADEQUATE SUPPLIES OF ALKALOIDS COULD BE INSURED." RUSH
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NNN

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